



CITY OF CONCORD

NEW HAMPSHIRE

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ECONOMIC DEVELOPMENT ADVISORY COUNCIL

Minutes

December 4, 2009

7:30 A.M.

The meeting convened at The Nature Conservancy, 22 Bridge Street, Concord. Coffee and refreshments were served compliments of Jan McClure.

Chairperson Carley called the meeting to order at 7:40 A.M.

PRESENT: Tim Bernier, Christopher Carley, Mark Coen, Peter Cook, Larry Gloekler, Jan McClure, Bill Norton, Dan St. Hilaire, Claudia Walker, and Stephen Heavener

ABSENT: Allen Bennett, Doug Black, Maura Carroll, Byron Champlin, and John Hoyt

STAFF: Carlos P. Baía, Deputy City Manager - Development
Matt Walsh, Asst. for Special Projects
Bev Rafferty, Administrative Assistant

GUEST: Kathy Temchack, Director of Real Estate Assessments, City of Concord

I. MINUTES OF THE NOVEMBER 6, 2009 EDAC MEETING

Dan St. Hilaire made a motion to accept the minutes as written; seconded by Mark Coen; motion passed unanimously.

II. Annual Briefing on Tax Assessments/Perspectives for the Future

Chairperson Carley introduced Kathy Temchack, Director of Real Estate Assessments for the City of Concord. The members of EDAC introduced themselves to Ms. Temchack.

Ms. Temchack informed EDAC that, to no one's surprise, the value of property has come down but not as much as some people thought it might. In some parts of the country values are down 25 - 30 percent but not here in Concord. Ms. Temchack continued that there has been about a half a percent of real growth in the city. In 2004 there was 3.5% real growth. In 2009, prior to making adjustments for market changes, there was an increase of 0.607%.

Three things that attribute to this increase is the actual growth due to building permits and new construction of 0.556%; reduction in the projected loss from the

RSA 75:1-a housing values for 0.027%; and a reduction in the projected elderly and blind exemption for 0.024%. Ms. Temchack noted that elderly and blind exemptions have dropped from 285 to 268 property owners. Ms. Temchack noted there are fewer people 65 - 74 years of age that qualify for the elderly exemption as their income is more than the threshold used by the City.

There was a loss of value due to the market value changes which resulted in a decrease of \$277,530,900 or 6.35%. Ms. Temchack noted that the decrease in the neighborhoods does not mean every property in the neighborhood decreased only that the total value changed of the entire neighborhood. There are fifteen neighborhoods in Concord and the greatest decrease was to the Downtown to Blossom Hill neighborhood at (16.45%) and the lowest change was the Northwest Concord Rural (out to Carter Hill Road) with a (2.24%) decrease; there was one neighborhood that increased and that was the Southwest Rural (St. Paul's School/Fiske Hill) area and that neighborhood went up 0.24%.

EDAC asked Ms. Temchack how the values were determined. Ms. Temchack noted that normally there are between 600 - 800 sales she compares but this year there was only 400 residential sales to use. She noted that sales were 10 - 12 percent lower.

Ms. Temchack noted there is an older stock of housing in Concord and people can't afford to do improvements to them so the property decreases in value. The houses around St. Paul's have not been affected as much.

Ms. Temchack informed EDAC that Bob Lakeman, of her office, assesses the commercial/industrial properties and she does the residential properties. For commercial/industrial properties, it is based on an income approach; residential properties are based on market value as of April 1st.

Ms. Temchack continued that abatement requests will be filed between now and March 1, 2010 for value set on April 1, 2009.

Tim Bernier inquired how new construction was assessed. Ms. Temchack noted Mr. Lakeman goes out and measures the property then prices it against a pricing table in the computer system for that year. Overall, in commercial/industrial (which includes apartments of four or more units), the market was down 6.26% to \$1,618,863,500; manufactured homes down 10.71% to \$40M; and residential condos down 3.52% to \$310,037,200. Exempt properties are 26.16% of the total values and 44% are residential.

Ms. Temchack noted that Concord has been very fortunate compared to other communities when it comes to foreclosures. In 2007, there were 37; in 2008 there were 42, and up to this date in 2009 there have been 36 for a total of 115, however, she continued that the year is not over yet. EDAC inquired if foreclosures are counted in the market value and Ms. Temchack said "no". If

foreclosures were the only kind of sales made, they would include them but that's not the case here.

She distributed and reviewed a handout she had prepared regarding building permits from 2005 - 2009. Since 2005 commercial/industrial and residential building permits have dropped from 654 in 2005 to 405 thus far in 2009; this represents a drop in total dollars from \$125M in 2005 to \$36M in 2009. In new construction commercial/industrial building permits, there was a peak in 2007 of 30 and down to 4 in 2009. She also noted that building permits may not all be taxable. Renovations and tenant fit-ups add no increased value to the property.

Chairperson Carley inquired if there was an anomaly in 2007 that peaked permits that high and it was noted the hospital did construction on Foundry Street, fit-ups were done but there was no one thing in 2007 that happened to make this peak.

Jan McClure inquired on how this compares to the 90's but Ms. Temchack did not have that information. Ms. Temchack did note, however, that the bottom line is when she reports to the City Manager next week, there may not be any real growth because she has to also decrease educational facilities.

Assessing has been asking for income and expense forms for properties again; not what the business is doing but what the physical property is generating in business and expenses. There was a 40% return rate in 2008 which is very fortunate; Jan McClure inquired how many returns were received in 2007 but Ms. Temchack did not have that information available.

Peter Cook inquired if there is a risk that those who return the form are primarily owners of properties that did not perform well possibly skewing the assessment. Ms. Temchack indicates that the information returned helps point out trends.

At this time Concord is 44% residential, 30% commercial and 25% exempt but the trend is shifting. There had been more increase in residential until last year. Industrial buildings are the best to build based on a value to municipal services ratio.

(Matt Walsh left the meeting at 8:15 A.M.)

Bill Norton gave a history of taxes during the Mayor Veroneau era.

Ms. Temchack informed EDAC that the law does allow for exempt organizations to enter into a Payment in Lieu of Taxes (PILOT) agreement with the community. There are several who have current agreements making PILOTs as a "good neighbor" policy. Exempted businesses use city roads and fire and police services.

Ms. Temchack named some organizations that make PILOTs to the City: Fellowship Housing, Local Government Center, NH Interscholastic Athletic

Association; Granite State Independent Living Foundation, Concord Housing Authority, Havenwood Heritage Heights, Penacook Assisted Living, Briar Hydro Dam, and even the Penacook Historical Society pays a small PILOT. Concord Hospital and St. Paul's School do not pay PILOTs - they pay taxes on significant portions of their properties. St. Paul's is one of the top ten taxpayers because they have property and land that is not subject to the education exemptions. Concord Hospital does not pay taxes on the hospital building but all satellite buildings pay taxes.

(Carlos Baía left the meeting at 8:35 A.M.)

Chairperson Carley inquired about the methodology of making assessments; are there established State standards. If someone wanted to challenge the methodology as being faulty, how would they begin. Ms. Temchack replied that a property owner can appeal the market value of the property but not the methodology of how the value was determined. The value of property is done as a mass appraisal as opposed to a fee appraisal. Ms. Temchack looks at 400 sales to determine the adjustment. They need to get size, location, composition that makes up the home. Chairperson Carley further inquired if there is any structure to this, i.e. a plan or a manual. Ms. Temchack noted that Assessing has three manuals plus a mass appraisal software program from Vision Appraisal.

(Mark Coen left the meeting at 8:40 A.M.)

Ms. Temchack also noted that there are directives from the International Association of Assessing Officers and Department of Revenue Administration. She also noted that some outside sources are used also.

There was some general discussion regarding vacancy rate percentages. Ms. Temchack also raised the 2004 appeal by the Steeplegate Mall which the city won in Court and indicated that the Mall still has pending appeals for 2005 - 2007; the Mall neglected to file a 2008 appeal so those taxes are in the books. It is anticipated the 2005 - 2007 appeals will be heard in early Spring 2010.

Chairperson Carley thanked Ms. Temchack for attending today's meeting and at this time, Ms. Temchack left the meeting.

Due to the time, Chairperson Carley noted that item III on the agenda (Grappone water request) will be discussed at next month's meeting. However, EDAC did request that Carlos Baía bring a map showing where the water/sewer lines are currently located out to Bow. Stephen Heavener noted there are sewer lines in Bow already and under agreement with Concord for that service.

IV. Electronic Transmission of EDAC Materials

Chairperson Carley informed EDAC that to save postage and copying costs, unless there were objections, staff would like to do electronic mailings of the EDAC agenda package. All agreed that would be fine. Staff will bring a couple of extra copies of the agenda package to the meetings as usual, however.

V. Other Business

- Future meeting list: Staff asked members to sign up to host a future EDAC meeting. As of this time we have hosts through July 2010.
- The Regulations Sub-committee was scheduled to meet on December 10th but due to conflicts, that meeting has now been moved to Monday, December 14th, at 8:00 A.M. Staff will locate a meeting place and e-mail the sub-committee members with the information.

VI. ADJOURNMENT

There being no further business and upon a motion duly made and seconded, the meeting adjourned at 9:00 A.M.

Respectfully submitted,

Beverly A. Rafferty
Administrative Assistant